

GEORGIA PUBLIC SERVICE COMMISSION

2014 Annual Report



Chairman Chuck Eaton
Vice Chairman H. Doug Everett
Commissioner Tim Echols
Commissioner Lauren "Bubba" McDonald, Jr.
Commissioner Stan Wise

Georgia Public Service Commission 2014



Commissioners (left to right): Doug Everett, Tim G. Echols, Chuck Eaton, Stan Wise and Lauren “Bubba” McDonald

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LETTER TO THE GOVERNOR

January 1, 2015

The Honorable Nathan Deal
Governor
203 State Capitol
Atlanta, Georgia 30334

Dear Governor Deal:

The Georgia Public Service Commission presents its 2014 Annual Report, pursuant to O.C.G.A. §46-2-31, which highlights the agency's major activities and achievements during the past year regarding the state's regulated utilities. In 2014, the Commission continued to monitor the ongoing Plant Vogtle nuclear power plant construction project, expanded the use of solar energy, and approved major natural gas distribution system improvements.

As the state continues to emerge from the economic downturn, the Commission has implemented strategic initiatives and prioritized available funds to ensure that Georgia consumers receive the best possible value in utility and telecommunication services, while enforcing natural gas pipeline safety and protecting the utility infrastructure from damage.

The Commission contributed over \$1.8 million to the state's treasury in fiscal year 2014, primarily as a result of its enforcement activities.

As the Commission enters its 136th year, we eagerly look forward to serving Georgia's citizens in 2015 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chuck Eaton", with a stylized flourish at the end.

Chuck Eaton, Chairman
H. Doug Everett, Vice Chairman
Tim G. Echols, Commissioner
Lauren "Bubba" McDonald, Jr., Commissioner
Stan Wise, Commissioner

HISTORY AND MISSION OF THE COMMISSION

MISSION

The Commission is a quasi-legislative, quasi-judicial agency comprised of five Commissioners elected statewide. The Commission's mission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, electric and natural gas services from financially viable and technically competent companies. The Commission's regulatory activities are primarily focused on investor-owned natural gas and electric power utilities. The Commission has the authority to set rates, require long-range energy plans, provide for the safety of natural gas pipelines and protect underground utility systems from damage.

Over the past two decades, growth, competition and technological advances have significantly changed the Commission's role. With some retail market segments of the telecommunications and natural gas industries open to competition, the Commission facilitates market development, educates consumers, arbitrates complaints among competitors and monitors the effectiveness of the competitive markets.

HISTORY

On October 14, 1879, Georgia became one of the first states to establish a regulatory body to resolve complications resulting from railroad expansion and competition. Created as the Railroad Commission of Georgia, the Governor originally appointed the three members of this body for the purpose of regulating railway freight and passenger rates.

Major expansions of the Commission's jurisdiction took place between 1890 and 1935. In 1891, legislation added telegraph and express companies to the Commission's jurisdiction. In 1906 and 1907 the legislature made two major changes to the Commission by allowing the voters in 1906 to elect the Commissioners for six-year terms and in 1907 expanding the Commission to five members. Also in 1906 the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies. Cognizant of the changing role of this regulatory body, the General Assembly in 1922 changed the name of the Railroad Commission of Georgia to the Georgia Public Service Commission. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry.

In 1943, the Commission became a constitutional body (Article 4, Section 1, 1983 Georgia Constitution). Its powers and duties are established by legislation and described in Title 46 of the Official Code of Georgia. The Legislature in 1998 required the five Commissioners to reside in separate districts though they remain elected by the voters statewide. This change was effective for the 2000 elections.

The years between 2001 and 2012 saw major changes in the Commission's jurisdiction over transportation. In 2001, legislation transferred the Commission's Transportation Division to the new Department of Motor Vehicle Safety. In 2005, the Commission resumed regulatory jurisdiction over household goods movers, limousines for hire,

passenger carriers and nonconsensual towing following passage of House Bill 501. Seven years later in 2012, the Legislature passed House Bill 865 which transferred Commission jurisdiction over household good movers, passenger buses, limousines and non-consensual towing to the Department of Public Safety.

In 2002, Earleen Sizemore became the first woman to serve on the Commission following her appointment to the Commission after the death of longtime Commissioner Bob Durden in May. Later that year in the general election, Angela Speir became the first woman elected to the Commission.

In 2009, the Commission approved the construction of Georgia's, and the nation's, first new nuclear-powered generation facilities since the 1970s. Both of the two units under construction at Plant Vogtle will be operating by 2018 or 2019. In 2014, the Commission continued to monitor this \$14 billion nuclear construction. Other cases and activities are highlighted and detailed throughout this annual report.

HIGHLIGHTS OF 2014

The Commission's major activities and achievements during 2014 regarding utility regulation, pipeline safety, facilities protection and administration are set forth below. A more detailed report from each Commission organizational unit follows this summary.

ELECTRIC

In 2014, the Georgia Public Service Commission approved Georgia Power Company's request to verify and approve \$389 million in expenditures in the Combined Ninth and Tenth Vogtle Construction Monitoring Report for the period between January 1, 2013, and December 31, 2013, in Docket Number 29849. In its February 2014 decision to allow Georgia Power to defer its scheduled fuel cost recovery case for at least one year, the Commission ensured that customer fuel rates remained stable. In May 2014, the Commission took another step to diversify Georgia's energy portfolio by its approval of a proposed agreement that will add 250 megawatts of clean renewable wind energy to Georgia's electric grid. On June 17, 2014, the Commission approved Georgia Power Company's request to credit to consumers a portion of the fuel cost that the Company pays into the Nuclear Waste Fund, a move that will save Georgia Power customers about \$31 million a year.

On October 23, 2014, the Commission approved the construction of three solar photovoltaic installations on three Georgia military bases as part of a partnership between the Georgia Power Company and the U.S. Army. On December 16, 2014, the Commission approved ten solar power purchase agreements (PPA) for the Georgia Power Company. These projects will add more than 515 megawatts (MW) of solar generation to the Company's energy mix.

On June 2, 2014 the U.S. Environmental Protection Agency issued its proposed "Clean Power Plan" under Section 111 (d) of the Clean Air Act which would affect existing electric generating units, particularly coal and natural gas-fired generation. Since the rule's release, the Public Service Commissioners have voiced their concerns in various forums. On December 1, 2014, the Commission filed its official written comments on the proposed rule with the EPA.

NATURAL GAS

As 2014 came to a close, Georgia had thirteen Commission-certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company (AGLC) delivery area. On February 17, 2014, the Commission filed an Order approving AGLC's 2013 to 2017 Integrated Customer Growth Program (i-CGP 2.0) for AGLC to invest \$46 million in a combination of projects ranging from the creation of new strategic corridors to providing supplemental funds for line extensions to customers beyond AGLC's existing infrastructure. On that same date, the Commission also filed an Order approving AGLC's Integrated System Reinforcement Program Plan (i-SRP 2.0), a plan for AGLC to invest \$214 million in three (3) projects in the metropolitan Atlanta area.

In September 2014, the Commission issued an Order approving Liberty's 2014 to 2015 Gas Supply Plan. At the end of 2014, the Regulated Provider had a total of 65,950

customers with 21,355 designated as Group 1 and 44,638 designated as Group 2 customers

TELECOMMUNICATIONS

In 2014 the Commission granted certificates of authority to 9 long-distance resellers, 15 competitive local exchange providers, four inter-exchange service providers and one payphone service providers. The total number of active certificates in 2014 was 912, distributed among industry segments, as follows: 249 resellers, 49 alternative operator service providers, 221 competitive local exchange providers, 85 inter-exchange service providers, 255 payphone service providers, 23 institutional telecommunication service providers and over 30 incumbent local exchange service providers. The Commission approved 48 interconnection agreements and designated eight companies as Competitive Eligible Telecommunications Carriers (ETC). In 2014 the Commission approved total disbursements for the 19th Universal Access Fund (UAF) year of \$14,985,126 with the aggregate annual cap amount remaining at \$1,000,000 each for Track 1 carriers.

FACILITIES PROTECTION

During 2014 the pipeline safety inspectors of the Facilities Protection Unit monitored and inspected over 1,200 miles of transmission lines, nearly 44,000 miles of distribution pipeline, and more than 2 million service lines for transporting natural gas to Georgia customers in 147 counties. The pipeline safety inspectors evaluated operator compliance with state and federal pipeline safety regulations by conducting 294 inspections over 1,058.5 inspection days.

The Commission continued its damage prevention efforts in 2014 by giving 48 Georgia Utility Facilities Protection Act (GUFPA) presentations to over 1151 attendees, and overseeing the administration of 265 Commission-approved dig law training presentations to 1,964 locators, excavators and facility owner/operators. The GUFPA investigators' participation in these meetings continued to strengthen the Commission's relationship with those groups across the state dedicated to damage prevention, such as, the Georgia Utility Contractor's Association, Plumbing Mechanical Association, the Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

The year 2014 was challenging for the Commission as it continued to enforce GUFPA and implement continuing regulations, while facing reduced state funding and loss of pipeline safety inspectors to the private sector.

INTERNAL CONSULTANTS

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for the other units. A major federal issue in 2014 was the Yucca Mountain project, a proposed national nuclear waste repository for permanent disposal of high level nuclear waste. Also in 2014, staff facilitated three Demand Side Management (DSM) Working Group meetings in preparation for the 2016 Integrated Resource Plan and provided input into Georgia Power Company's Evaluation Plan for its certified DSM programs and

Low Income program. The EM&V Report will be filed in July 2015. Also in 2014, Staff worked with Georgia Power to create an Advanced Notification Process regarding modifications to the DSM programs so that the most up to date information can be utilized during program implementation. Staff and Georgia Power finalized a DSM True-Up Process that was used for the 2014 DSM tariffs.

The Energy Efficiency and Renewable Energy Section staff continued to work on renewable issues including the monitoring of Georgia Power Company's voluntary Green Energy Program. Staff served as the project leader for Georgia Power's 2014 Advanced Solar Initiative (ASI) and ASI Prime Request for Proposals (RFP) which set out to procure 495 MW of solar capacity to be online in 2015 or 2016.

CONSUMER AFFAIRS

The Consumer Affairs Unit is the primary contact for consumers that want to make their concerns and issues known to the Commission. The total number of calls reported by the Commission's Automated Call Distributor (ACD) for 2014 was 14,776. There were 316 calls received on the Spanish line. Telephone calls comprised the majority of all inbound contact methods in 2014. Internet and e-mail contacts continued to be the second preferred method of contacting the Commission in 2014 with 4,287 internet and e-mail complaints and contacts. Regular mail and faxes were the next popular methods consumers used for communicating with the Commission. The total paper correspondence in 2013 (letters and faxes) was 682. The increase can be attributed to Lifeline Assistance forms.

The Office of Consumer Affairs also takes complaints from consumers that visit the Georgia Public Service Commission in person. In 2014 the Office of Consumer Affairs met with approximately 21 consumers to discuss issues with their bills, deposits, and to share information on energy assistance and Lifeline. This contact method represented less than 1% percentage of all contacts. In all, Consumer Affairs representatives received 20,082 inquiries, complaints, and opinions from the general public in 2014

ADMINISTRATION DIVISION

During 2014 the Administration Division promoted efficiency to maximize the benefits derived from taxpayers' monies used to fulfill the Commission's mission. The Division consists of the Executive Secretary, Budget and Fiscal Office, Human Resources Office, Public Information Office and Operations Support. During 2014 local, state and national news media' outlets covered numerous Commission activities and decisions. The Commission uses social media by posting video clips of Commission statements and news media coverage on its YouTube Channel and by using to Twitter to release information and updates in a timely manner.

PUBLIC SERVICE COMMISSION PROFILES



H. Doug Everett

Commissioner Since: January 1, 2003

Elected: 2002, Re-elected: 2008, 2014

Serves Through: December 31, 2020

Republican, Albany, Georgia

Vice-Chair, 2014 Georgia Public Service Commission

A native of Cordele, Georgia, Commissioner Doug Everett is the first Republican elected to the Commission from Southwest Georgia. In 1996, he was elected to the Georgia House from Albany and served three terms before his election to the Commission in 2002. As a State Representative, he served on the House Industry Committee and the Subcommittee on Utilities.

Prior to serving as a state legislator, Everett served three terms on the Albany City Commission, including two years as Mayor Pro Tem.

Commissioner Everett is a past president of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), a non-profit corporation for the advancement and education of commission regulation and the promotion of cooperation among the commissions of the 12 member states. He also served on the Board of Directors of the Georgia Agrirama Development Authority. He is also a past member of the Advisory Board of Directors of the Institute of Nuclear Power Operations.

Commissioner Everett was born in Cordele, Georgia but moved to Sylvester where he graduated from high school. He entered Georgia Tech but later transferred to Georgia Teachers College (now Georgia Southern University) and majored in math.

Everett is married to Janice Perry Johnson of Montezuma. The couple has three grown children, Mitch, Mike and Denice Delk, five grandchildren and three great-grandchildren. Everett is a former member of the Albany Rotary Club, the Sylvester JAYCEES and the Sylvester Kiwanis Club.



Chuck Eaton

Commissioner Since: January 1, 2007

Elected: 2006, Re-elected: 2012

Serves Through: December 31, 2018

Republican, Fulton County, Georgia

Chair, 2014 Georgia Public Service Commission

Chuck Eaton was elected to his first term on the Public Service Commission in December of 2006 and re-elected in November 2012. He was one of only two statewide Republican candidates in the entire country to beat an incumbent in 2006. In November 2014 his colleagues re-elected him to his second two-year term as Chairman for 2015 and 2016. He was first elected Chair in November 2012. Prior to moving to Atlanta, he was an Account Executive for a packaging manufacturer in LaGrange, Georgia. Commissioner Eaton has an Accounting Degree from the University of Alabama and a Law Degree from Georgia State University.

He is the past President of the Buckhead Forest Civic Association and was also a representative to the Atlanta Neighborhood Planning Unit "B," a citizen group that makes recommendations on zoning, land use, public safety and community issues. In Troup County he served on the Board of Directors for Troup Haven House, a children's shelter.

Commissioner Eaton has been involved in the political process for a long time. In 1992, he served as Congressman Phil Crane's Deputy Campaign Manager. In Troup County he successfully managed multiple campaigns for former State Representative Jeff Brown. He is a graduate of the Coverdell Leadership Institute, a statewide organization founded by the late U.S. Senator Paul D. Coverdell to strengthen leadership and political skills.

Due to the judicial nature of the Commission, he enrolled at Georgia State Law School in 2009, taking night classes and paying for the education out of his own pocket. He is admitted to practice law in Georgia.

Chuck lives in Atlanta with his wife, Erika, their daughter, Lydia, and their two rescued dogs. The Eaton's are members of Peachtree Road United Methodist Church.



Tim G. Echols

Commissioner Since: January 1, 2011

Elected: November 4, 2010

Serves Through: December 31, 2016

Republican, Clarke County, Georgia

Commissioner, 2014 Georgia Public Service Commission

Tim Echols was elected to the Public Service Commission in the general election of November 2010 after spending 15 years in the non-profit sector. Echols founded “TeenPact” and grew the mock legislative youth program to 38 states in his tenure. He continues to serve on the Board of Directors. Tim’s campaign focused on consumer protection, clean energy, and accountability. He travels the state speaking to students, civic groups and businesses about how consumers can be a better steward of their energy, and save money at the same time.

Tim has tried to lead by example. He added solar hot water heating to their Athens home just before being sworn-in. He bought a natural gas car, an electric car and uses E85 grown from south Georgia corn in his 2012 Ford Focus. Tim created the Alternative Fueled Vehicle Roadshow in 2011 that travels Georgia helping cities, businesses and consumers evaluate alternative fuels to see if it will work for them.

Tim's priority is helping Georgia be prepared for rising energy prices for diversifying the way our electricity is generated. He has helped secure record amounts of solar and wind for Georgia--without a subsidy. He advocates for more nuclear power and advocates for recycling of nuclear waste. Tim and his wife put their home on a "time of use" rate to further conserve energy as he turns off his AC units during the peak summer cooling period.

Tim Echols grew up in the south metro Atlanta area in an entrepreneurial family. The Echols owned a car auction, dairy farm, and house moving business. Tim attended North Clayton High School, and owned his own car clean-up shop, housed in the family auction barn. In 1978, Tim went to Athens to attend UGA and there met Windy Davis. There he served as Baptist Student Union President.

Tim is the author of “Real Citizenship,” available on Amazon.com, a primer on citizenship. Windy and Tim have seven children ranging from 13 to 26 years old. They have been married 31 years and live in Bogart, just outside Athens. Tim has a Bachelor of Arts and two Masters Degrees from the University of Georgia.



Lauren "Bubba" McDonald, Jr.

Commissioner Since: January 1, 2009

Elected: 1998, 2008; Re-elected: 2014

Serves Through: December 31, 2020

Republican, Clarkesville, Georgia

Commissioner, 2014 Georgia Public Service Commission

McDonald, who served 20 years as a state Representative, was appointed to the PSC by Governor Zell Miller to fill a vacated post and then re-elected in a special mid-term election in 1998. He held the seat until 2002. In 2008 and again in 2014, Georgians elected McDonald to serve on the Commission.

McDonald has a deep knowledge of the energy industry. Today he is a member of the NARUC's Electric Committee where he is Vice-Chair of the Nuclear Waste Subcommittee.

McDonald has spent decades serving the residents of Georgia. As a State Representative, he chaired the Industry Committee for five years and the powerful Appropriations Committee for eight years. He also served as a commissioner in Jackson County, served on the Board of Managers of the Association of County Commissioners of Georgia, and volunteered as a firefighter for the city of Commerce for 35 years.

A native of Commerce who now resides in Clarkesville, McDonald is a graduate of the University of Georgia with a BBA in Business. He has long been a supporter of higher education, serving on the Board of Governors of Mercer Medical College and the Board of the Advanced Technology Center at the Georgia Institute of Technology. He was also a director of the Small Business Development Center at the University of Georgia. He also served six years in the Georgia Air National Guard.

McDonald has lived his entire life within District Four of the Commission. Currently, he is a partner in L.W. McDonald & Son Funeral Home in Cumming, with his son, Lauren III. He is married to Shelley McDonald. He was married to the late Sunny Nivens McDonald for 45 years. He is an elder in the Presbyterian Church, a private pilot, and an avid golfer.



Stan Wise

Commissioner Since: January 1, 1995

Elected: 1994; Re-Elected: 2000, 2006, and 2012

Serves Through: December 31, 2018

Republican, Cobb County, Georgia

Commissioner, 2014 Georgia Public Service Commission

Stan Wise has served on the Public Service Commission since January 1995, having been elected statewide four consecutive times. He was reelected for his fourth term as Commissioner in November 2012. His first elected public office was Cobb County Commissioner in 1990. He served the county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise was a Board Member of the ten-county Atlanta Regional Commission from 1992 through 1994.

Stan was elected by his regulatory peers as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003 and 2004, furthering his responsibilities and interaction with Congress, federal agencies, state officials, industry leaders, Wall Street, consumer groups and the news media. Stan has testified multiple times before Congress. Wise is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC) and serves on the International Relations Committee and the Gas Committee of NARUC. He is also on the Advisory Council for the New Mexico State University Center for Public Utilities. He is a member of the Board of Trustees for the Feed the Hungry Foundation, a faith-based charity, and a member of the Action Ministries Board of Directors.

His alma mater, Charleston Southern University, named Wise the Outstanding Alumnus of the Year in 2006. In addition, he was named the Bonbright Center of the University of Georgia Terry College of Business Honoree of the Year in 2005.

He has also served on the U.S. Department of Energy State Energy Advisory Board, the Cobb County Public Schools Educational Foundation, Inc., and the Cobb YMCA Board of Directors, the Boys Club of Cobb County and the Advisory Board of the North Georgia Law Enforcement Academy. He owned and operated an insurance business in Cobb County for twenty years. Wise was awarded his B.S. in Business Management from the Charleston Southern University in 1974. He also served in the U.S. Air Force Reserve for six years. He and his wife Denise have two grown children.

PUBLIC SERVICE COMMISSION LEADERSHIP TEAM
DECEMBER 31, 2014

Commissioners

Chuck Eaton, Chairman
H. Doug Everett, Vice-Chairman
Tim G. Echols, Commissioner
Lauren “Bubba” McDonald, Jr., Commissioner
Stan Wise, Commissioner

Administration Division

Deborah Flannagan, Executive Director
Jada Brock, Director, Office of Operations Support
Bill Edge, Public Information Officer and Legislative Liaison
Reece McAlister, Executive Secretary
Terry Pritchett, Fiscal and Budget Officer
Cheryl Vinson, Human Resources Officer

Utilities Division

Tom Bond, Director, Utilities Division
Leon Bowles, Director, Telecommunications Unit
Pandora Epps, Director, Internal Consultants Unit
James Gibson, Manager, Consumer Affairs Unit
Sheree Kernizan, Director, Electric Unit
Michelle Thebert, Director, Facilities Protection Unit
Nancy Tyer, Director, Natural Gas Unit

UTILITIES DIVISION

During the past year the Commission continued monitoring the \$14 billion Plant Vogtle nuclear construction project in east Georgia where Georgia Power Company is building Units 3 and 4. This is the largest construction project in the Southeastern United States and possibly in the country.

Historically, the Georgia Public Service Commission has been responsible for setting the rates charged by telecommunications, natural gas, and electric companies, ensuring the reliability and availability of utility services, and establishing and enforcing quality of service standards. The telecommunications, natural gas, and electric industries are natural monopolies, but some segments of these markets have been opened to retail competition that allow customers to choose among multiple providers for certain services and pay rates set by the provider. Other services, such as distribution of natural gas and electricity by investor-owned companies, are still regulated by the Commission, which sets the rates charged for these services.

The pace at which competition was implemented varied among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, authorities opened local telephone service by federal and state legislation, respectively. Local telephone competition was redefined due to technological advances of broadband, VoIP and wireless telephone. State legislators and federal agencies recognized that local telephone companies face intermodal competition from cable TV companies and wireless providers, not just intramodal competition from other telephone companies. In 1998, Georgia opened the natural gas commodity market to retail competition. Only one of the two investor-owned natural gas companies elected to open its territory to competition and now twelve Commission-certified marketers sell gas commodity service to customers in the AGLC territory. Marketers set their own prices, but the Commission sets the rates charged by AGLC for distributing the natural gas for the marketers.

In spite of these changes in the regulatory environment, the Commission's mission remains the same: to ensure that consumers receive the best possible value in telecommunications, electric and natural gas services, to enforce natural gas pipeline safety laws and to protect utility infrastructure from damage. In the sections that follow are an overview of the role that the Commission has played in each of these utility industries over the past year and the key decisions of this agency.

Electric Unit

Reliable and affordable electricity is vital to the economy of Georgia and to the quality of life of its citizens. The investor-owned electric utility, Georgia Power Company (Company), is fully regulated by the Commission and serves approximately two million consumers. The Commission has limited regulatory authority over the 41 electric membership corporations (EMCs) and 52 municipally-owned electric systems that serve the rest of the state.

SIGNIFICANT MATTERS IN THE COMMISSION'S REGULATION OF THE ELECTRIC UTILITY INDUSTRY IN 2014

Commission Monitors Progress of Nuclear Plant Construction



On March 17, 2009 the Commission approved the Company's request to certify the construction of two new nuclear power units at its Plant Vogtle Nuclear Power Plant near Waynesboro, Georgia. Under the agreement, the Company must file semi-annual monitoring and monthly status reports with the Commission. The semi-annual monitoring report includes any proposed revisions to the cost estimate, construction schedule, or project configuration, as well as a report on actual costs incurred during the period covered by the report and an updated comparison of the economics of the certified project. The Commission Staff and Construction Monitor continue to actively monitor the construction of the two new units.

In 2014, the Georgia Public Service Commission approved Georgia Power Company's request to verify and approve the expenditures in the Combined Ninth and Tenth Vogtle Construction Monitoring Report for the period between January 1, 2013, and December 31, 2013, in Docket Number 29849. The total amount approved for the Vogtle expansion is \$389 million, bringing the total construction cost verified to date to \$2.599 billion.

In February 2014, the U.S. Energy Department finalized \$6.5 billion in federal loan guarantees to assist Georgia Power with the construction of the two new units at its Alvin W. Vogtle Nuclear Power Plant. The loan guarantee is projected to save Georgia Power customers about \$250 million. Commissioners Doug Everett and Lauren "Bubba" McDonald participated in the signing ceremony with Secretary of Energy Ernest Moniz.

PSC Approves Expansion of Renewables - Solar Energy and Wind

On February 12, 2014 Commissioner Lauren "Bubba" McDonald, Jr., along with Commissioner Tim Echols, briefed White House energy advisors in Washington, D.C. on the Commission's approval of additional solar power generation capacity into the state's electric system without placing upward pressure on rates or using ratepayer subsidies. The Commission hopes to bring the total solar capacity that will be on line in Georgia by the end of 2016 to 800 Megawatts



In May 2014, the Commission took another step to diversify Georgia's energy portfolio by its approval of a proposed agreement that will add 250 megawatts of clean renewable wind energy to Georgia's electric grid. Under the terms of the agreement, Georgia Power will purchase the wind-generated electricity from EDP Renewables North America, LLC, for 20 years beginning January 1, 2016. EDP will operate two wind farms in Oklahoma, Blue Canyon II with 151 MW and Blue Canyon VI with 99 MW of electric generation. These contracts will provide energy at a cost below Georgia Power's projected avoided costs.

On October 23, 2014, the Commission approved the construction of three solar photovoltaic installations on three Georgia military bases as part of a partnership between the Georgia Power Company and the U.S. Army. The three bases are Fort Benning, Fort Gordon and Fort Stewart. All three projects are scheduled to be completed before the end of 2016 and will generate up to 30 megawatts of electricity each. The solar installations will provide power to Georgia Power customers but if needed can also generate power exclusively for each base.

On December 16, 2014, the Commission approved ten solar power purchase agreements (PPA) for the Georgia Power Company. These projects will add more than 515 megawatts (MW) of solar generation to the Company's energy mix. Additionally, the Commission gave its approval for a 30 MW solar energy project, slated to come on-line in 2016, between Georgia Power and the U.S. Navy at King's Bay Naval Submarine Base near St. Mary's, Georgia.

PSC Facilitates and Monitors Implementation of the 2013 Integrated Resource Plan

Georgia law (O.C.G.A. §46-3A-2) requires Georgia Power Company to file an updated Integrated Resource Plan (IRP) every three years which details how the Company will supply the state's electric generation needs. The plan ensures that Georgia Power customers have an adequate and reliable electric supply, establishes measures to conserve energy, and promotes alternate energy supplies.

In July 2013, the Commission approved the Company's latest IRP. It is anticipated the Company will a new IRP in the spring of 2016. In the meantime, the Commission continues to monitor other aspects of the 2013 IRP which involves overseeing the following activities:

- the closure and decertification of 16 coal-fired electric generation units
- the conversion of two coal-fired units to burn natural gas
- the addition of environmental controls to bringing thirteen coal-fired generation units into compliance with the Environmental Protection Agency (EPA) Mercury and Air Toxic Standards (MATS) rule by 2015/2016 time period
- the Demand-side Management (DSM) Working Group, a diverse stakeholder group facilitated by the Commission Staff, continues to work on energy efficiency issues in preparation for the Company's 2016 IRP filing

PSC Monitors Georgia Power's Base and Fuel Rates

In December 2013, the Commission approved a settlement in the Georgia Power Company rate case that will save electric consumers \$573 million over a three year period (based upon the Company's initial requested amount.) As a part of this settlement the Commission:

- Reviews, analyzes and evaluates the Company's annual surveillance filings to ensure compliance with Commission orders and to determine whether excess revenues are available for sharing. Under the terms of the agreement, an earnings band of 10 percent to 12 percent was approved. Any earnings above 12 percent will be shared two-thirds with customers with the remaining one-third retained by the Company.
- Reviews, analyzes and verifies the accuracy of the Company's rate increase compliance filings.
- Continues to work with the Company on the implementation of an electric service pre-pay program for eligible customers.

In its February 2014 decision to allow Georgia Power to defer its scheduled fuel cost recovery case for at least one year, the Commission ensured that customer fuel rates remained stable. The Commission found the current FCR-23 rate is sufficient, based on projections, to allow the Company to continue to collect its fuel costs without risking a significant over or under-recovery.

The Commission Staff also continues to investigate and monitor the following:

- Effectiveness of hedging programs of Georgia Power in mitigating potentially high natural gas fuel costs;
- Flat bill tariffs for residential and commercial customers, designed to provide price stability during fluctuating market conditions;
- Performance and reliability of the utilities' generating plants; and,
- Companies' earnings for excess revenues available for sharing, as defined in the approved accounting orders.

PSC Oversight over EMCs and Municipal Electricity Providers

The Commission oversees territorial matters for all electricity suppliers, electric membership corporations, investor owned utilities (Georgia Power) and municipal electricity providers- pursuant to the Georgia Territorial Electric Service Act, O.C.G.A. § 46-3-1 et seq., by reviewing and authorizing requests for transfers of retail electric service, resolving disputes over service territories and maintaining the electric supplier territorial maps for each of the 159 counties in Georgia. The Commission also approves Georgia Power's and electric membership corporations' requests for financing authority.

The Commission Continues Participation in State and Federal Activities That Impact the Electric Utility Industry

During 2014, the Commission continued its participation in the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as the National Association of Regulatory Utility Commissioners (NARUC) in order to learn from other state regulators and share its knowledge for the benefit of Georgia utility consumers. Commissioners and staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council and the Eastern Interconnection States' Planning Council.

The Commission Files Comments Regarding the Environmental Protection Agency's Proposed Clean Power Plan

On June 2, 2014 the U.S. EPA issued its proposed "Clean Power Plan" under Section 111 (d) of the Clean Air Act which would affect existing electric generating units, particularly coal and natural gas-fired generation. Since the rule's release, the Public Service Commissioners have voiced their concerns in various forums. In July 2014, Commissioner Wise participated in a Washington, D.C. workshop on Regional Compliance Options for Section 111 (d) in Washington, D.C sponsored by NARUC. On September 2, 2014, Commissioner Wise sent a letter to Environmental Protection Agency (EPA) Administrator Gina McCarthy in which Wise said the EPA's draft rule to reduce carbon emissions from electric power plants, known as the proposed Clean Power Rule, will "place undue hardship on Georgia consumers."

Commissioners spoke publicly at the July EPA outreach "Listening" sessions held on July 29, 2014 in Atlanta Georgia, and submitted written comments to EPA on this very important matter. Commissioners and Staff met with Region IV EPA administrators in

person and via conference calls to gain clarity and answers regarding the effect the rule may have on Georgia citizens and whether these concerns were properly addressed in the proposed rule. Meetings were also held with State legislators as well as Georgia's Environmental regulators and State Energy officers. On December 1, 2014, the Commission filed its written comments on the proposed rule.

PSC Eliminates the Collection of the Nuclear Waste Fee

On June 17, 2014, the Commission approved Georgia Power Company's request to credit to consumers a portion of the fuel cost that the Company pays into the Nuclear Waste Fund, a move that will save Georgia Power customers about \$31 million a year. The Company submitted the proposal for Commission approval after the Department of Energy formally set the fee it collects under the 1982 federal Nuclear Waste Policy Act to zero effective May 16, 2014.

The Commission continues to monitor the activities of the Blue Ribbon Commission formed by the federal government to address the disposal of spent nuclear fuel since the administration has effectively defunded the Yucca Mountain project. Commissioners have held symposiums and meetings on nuclear fuel management and alternatives such as reprocessing.

Natural Gas Unit

NATURAL GAS

Natural gas is important to the economic prosperity of Georgia. Approximately 1,600,000 customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Liberty Utilities Georgia Corporation (Liberty). As 2014 closed, Georgia had thirteen (13) Commission-certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company (AGLC) delivery area. Throughout 2014 the Staff conducted audits of several system improvement and expansion programs: AGLC's Manufactured Gas Plant; AGLC's Pipe Replacement Program (PRP); AGLC's Integrated Customer Growth Program (i-CGP); AGLC's Integrated System Reinforcement Program (i-SRP); AGLC's Integrated Vintage Plastic Replacement Program under Georgia STRIDE (i-VPR), Liberty's Cast Iron and Bare Steel Retirement Program; and AGLC's Universal Service Fund (USF).

On February 17, 2014, the Commission filed an Order approving AGLC's 2013 to 2017 Integrated Customer Growth Program (i-CGP 2.0) for AGLC to invest \$46 million in a combination of projects ranging from the creation of new strategic corridors to providing supplemental funds for line extensions to customers beyond AGLC's existing infrastructure. On that same date, the Commission also filed an Order approving AGLC's Integrated System Reinforcement Program Plan (i-SRP 2.0), a plan for AGLC to invest \$214 million in three (3) projects in the metropolitan Atlanta area. In September 2014, the Commission issued an Order approving Liberty's 2014 to 2015 Gas Supply Plan. As of December 31, 2014, the Regulated Provider had a total of 65,950 customers with 21,355 designated as Group 1 and 44,638 designated as Group 2 customers.

ACTIVITIES IN NATURAL GAS REGULATION IN 2014

Docket No. 37439 Atlanta Gas Light Company's (AGLC) Second Petition to Amend Year 2014 Universal Service Fund Facilities Expansion Plan

On September 3, 2014, AGLC filed its Second Petition to Amend Year 2014 Universal Service Fund Facilities Expansion Plan (Amended 2014 Plan-II). The petition called for one line-extension project called the Applying County Project – Phase-I. The project will be a multi-year project with three phases. The first phase of the multi-phase project is to install natural gas facilities to ultimately serve two (2) southeast Georgia businesses. In the table below, the Applying County Project – Phase-I line-extension project has an estimated cost of \$12,144,548. After the income tax effect and financing cost gross up is applied, the total estimated cost to serve is \$16,059,230.

Corridor	Construction Costs		(1 + Income Tax Effect)		After Tax Gross-up		(1 + Cost of Financing)		Cost to Serve
Applying County Phase-I	\$12,144,548	x	1.2988		\$15,773,340	x	1.018125		\$16,059,230

The Commission analyzed the public disclosure filing as well as the trade secret materials provided by AGLC. Through the analysis process, the Commission found the Amended 2014 Plan-II materials to be whole and complete. During the October 21, 2014 Administrative Session, the Commission approved AGLC's Amended 2014 Plan-II filing.

Docket No. 38804 AGLC's Year 2015 Universal Service Fund Facilities Expansion Plan

On September 3, 2014, AGLC filed its 2015 Plan. The petition focused on four (4) proposed line-extension projects. As part of the petition, AGLC filed nine (9) minimum filing requirements (MFR) and provided Excel Forms A - I that consisted of nine (9) worksheets that supported the System Benefit Ratio calculation. The System Benefit Ratio is the estimated residential and commercial revenue for a project divided by the estimated construction costs for that project. The resulting ratio is ranked against each proposed project from highest to lowest. The USF funding will be provided first to the highest ranking projects and then to the lowest ranking projects or until the USF funding is exhausted. AGLC had petitioned the Commission with four potential projects provided in the table below.

Revenue Ranking	Corridor	Total Revenue (RES & COM)	Construction Costs	CIAC Gross-Up	Financing Costs	Cost to Serve	Benefit Ratio
1	Fannin County	\$621,267.09	\$1,170,000.00	1.2988	1.0181	\$1,547,138.68	0.5310
2	Fulton-Douglas County	\$3,461,790.98	\$8,100,000.00	1.2988	1.0181	\$10,710,960.08	0.4274
3	Brantley-Glynn County	\$3,882,338.91	\$10,100,000.00	1.2988	1.0181	\$13,355,641.58	0.3844
4	Appling County	\$450,595.12	\$7,511,773.00	1.2988	1.0181	\$9,933,123.54	0.0454
	Total:	\$8,415,992.10	\$26,881,773.00			\$35,546,863.87	

The Commission reviewed AGLC's petition and found it to be whole and complete. During the October 23, 2014 Administrative Session, the Commission approved AGLC's 2015 Plan with \$6 million approved for the Appling County Project Phase-II and the Fannin County Project.

Docket No. 15326 Universal Service Fund (USF)

On July 22, 2014, the Commission provided required reports to the State Accounting Office for the fiscal year 2014 USF activity for the period ending June 30, 2014. The reporting demonstrated that the USF had funding of \$17.5 million and expenditures of \$9.3 million, with a net gain of \$8.2 million. Since the inception of the USF, commencing in December 1998, the USF has had a total funding of \$263.9 million and total expenditures of \$199.4 million. The ending balance in the USF was \$64.4 million, which corresponds to the ending June 2014 bank statement balance. As of June 30, 2014, the USF had encumbrances totaling \$44.9 million.

**Docket No. 34734 Liberty Utilities Corporation (Liberty) (Peach State Natural Gas)
2014 Georgia Rate Adjustment Mechanism**

On October 1, 2014, Liberty filed its 2014 GRAM filing with eleven (11) schedules and fifty (50) supporting work papers. Liberty requested a \$3,679,001 rate increase based on a total rate base of \$91,855,500 for rate making purposes and an equity portion of rate base of \$50,500,525. As part of the 2014 GRAM filing, Liberty included the \$15,000,000 in rate base not included during the 2013 GRAM Filing, but the \$1,674,933 in carrying costs on that rate base was not included as part of the 2014 GRAM filing. The \$1,674,933 in carrying costs will generate additional carrying costs totaling \$187,027 during the 2014 GRAM Rate Effective Period ending January 31, 2016. The total carrying costs that Liberty is authorized to include in the 2015 GRAM filing is \$1,861,959. The Commission GRAM Analysis Team reviewed the 2014 GRAM filing that included 11 schedules and over 50 work papers. After the Commission found several errors in the filing and questioned a change in the proposed rate design, on November 7, 2014, Liberty filed its First Revised 2014 GRAM Filing with 11 schedules and 50 supporting work papers. Liberty requested a \$3,679,700 rate increase based on a total rate base of \$91,855,514 for rate making purposes and an equity portion of rate base of \$50,520,533. After the Staff reviewed the revised petition, the Commission verified that Liberty made corrections as requested by the Staff related to rate design.

The First Revised 2014 GRAM filing provided for a rate increase by adjusting the Return on Equity (ROE) band, 10.5% to 10.9%, to the bottom of the band, 10.5%. This allowed for an overall rate increase of \$3,679,700. The First Revised 2014 GRAM filing proposed a rate increase that was \$699 greater than the original request due to the revised calculation in WP 5-1-3-1 related to the 830 Large Volume Service. As part of the First Revised 2014 GRAM filing, Liberty included the \$15,000,000 in rate base not included during the 2013 GRAM filing, but the \$1,674,933 in carrying costs on that rate base was not included as part of the 2014 GRAM filing. The \$1,674,933 will generate additional carrying costs totaling \$187,027 during the 2014 GRAM Rate Effective Period ending January 31, 2016. The total carrying costs that Liberty is authorized to include in the 2015 GRAM filing is \$1,861,959. The Commission determined that the First Revised 2014 GRAM filing was whole and complete. During the December 2, 2014 Administrative Session, the Commission approved Liberty's First Revised 2014 GRAM filing with new rates effective on February 1, 2015.

Docket No. 38137 2014-2015 Liberty Utilities Gas Supply Plan

On September 16, 2014, the Commission approved Liberty's 2014-2015 Gas Supply Plan in Docket 38137. The plan identified the interstate storage and peaking assets needed to meet the company's forecasted peak for its 56,270 customers in Gainesville and Columbus service areas. Significant issues in the 2014 to 2015 Gas Supply Plan included the methodology used to forecast peak day design, the appropriate capacity reserve margin and the associated turn back of capacity. This gas supply plan is in effect until September 30, 2015. The Company will file its next gas supply plan by July 1, 2015.

Active Natural Gas Marketer Update

At the end of 2014, thirteen (13) natural gas marketers were certificated and actively serving customers in the AGLC territory. On October 1, 2013, Colonial Energy, Inc. (Colonial Energy), filed for a Natural Gas Marketer Certificate of Authority to serve natural gas customers in the state, but on November 5, 2013, the Company's application was deemed withdrawn. Subsequently, on January 21, 2014 Colonial Energy, Inc. refiled its application for a Natural Gas Marketer Certificate of Authority. Staff conducted its due diligence and deemed the application complete. On May 1, 2014, the Commission granted Colonial Energy a Natural Gas Marketer Certificate of Authority.

Mansfield Power and Gas, LLC, filed an application for a Natural Gas Marketer Certificate of Authority on October 21, 2013. On March 7, 2014, the Commission granted Mansfield Power and Gas, LLC a Natural Gas Marketer Certificate of Authority.

On July 5, 2013, North American Power and Gas filed a Petition for limited waiver of certain Commission Rules and subsequently filed its Terms and Conditions of Service/Disclosure Statement on January 24, 2014, requesting Commission approval to implement a Pre-Pay Plan. On February 4, 2014, the Commission granted the rule waiver request and approved North American Power and Gas' Terms and Conditions of Service/Disclosure Statement related to the rule waivers.

Infinite Energy and FireSide Natural Gas both filed Petitions for limited waiver of a Commission Rule on March 21, 2014 and September 16, 2014, respectively. Both marketers requested a limited waiver of the Commission Rule with respect to those customers who voluntarily request electronic delivery of the customer enrollment materials. The Commission granted the rule waiver requests and approved the Terms and Conditions of Service/Disclosure Statements for Infinite Energy and FireSide Natural Gas on August 15, 2014 and December 21, 2014, respectively.

Natural gas marketers' financial statements are filed at the Commission. They provide financial information Commission Staff utilizes to conduct monthly, quarterly, and annual analyses in addition to calculating financial ratios. The Commission examines the financial analyses to determine their impact on trends and ratios. The ultimate goal of examining the financial statements is to identify financial trends over a period of time for each particular natural gas marketer.

The financial data is also utilized to assess the profitability of the natural gas marketers. In addition, the Commission Staff analyzes all natural gas marketers' parent company financial statements to determine their financial impact on the Georgia natural gas market. Commission Staff utilizes the same analysis methodology for all natural gas marketers. Commission Staff communicates to the natural gas marketers any discrepancies that were identified during the financial analysis process for resolution.

Docket No. 34432 Regulated Provider

As of December 31, 2014, the Regulated Provider (SCANA) had a total of 65,950 customers with 21,355 designated as Group 1 and 44,638 designated as Group 2. The

Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the Federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are those who cannot obtain service from other marketers due to poor credit or no credit. During 2014, the Commission approved \$1,548,459.06 for Group 1 customer assistance to be used towards customers' monthly bills. No such funds are available for Group 2 customers.

Certificates of Public Convenience and Necessity

The Commission's Natural Gas and Facilities Protection Units worked together on the County-Wide Natural Gas Safety Plans (CWSP) (Commission Rule 515-9-7-.01) to ensure that the plans are in place and safety-based boundaries conform to the Certificate of Public Convenience and Necessity which govern where natural gas providers may locate their facilities. Where necessary, new certificates were granted or existing certificates amended (Commission Rule 515-7-1, *et seq*). Natural gas providers within each county must develop a CWSP delineating safety and emergency response procedures for use during natural gas emergencies and be qualified to operate natural gas distribution systems. By the close of 2014, the Commission had either granted or amended six (6) additional Certificates affected by this process, bringing the total to sixty-one (61) Certificates of Public Convenience and Necessity that were affected by the CWSPs.

Rule Variances for Municipal Natural Gas Operators

Thirty (30) municipal natural gas operators hold PSC Certificates of Public Convenience and Necessity (Certificate) to provide service to customers outside of their home county. The Commission and the Municipal Gas Authority of Georgia (MGAG), on behalf of the thirty (30) certificated municipal operators, worked together and reached an agreement on variances to the Commission rules for customers residing outside of the cities home counties. The Commission subsequently approved a stipulation that was developed based on this agreement. The Commission also developed a manual that contained the deposit, disconnect and rights of the consumer policies for each of these thirty (30) certificated municipals to be used as a reference guide to adequately address any questions or concerns that may arise from the municipals' customers related to these policies. The Commission continues to monitor the compliance of the thirty (30) municipal operators to the terms of the Stipulation.

Docket No. 4167 Audit of AGLC's Manufactured Gas Plant (MGP)

In 1992 Atlanta Gas Light Company requested an Environmental Response Cost Recovery Rider proposing a mechanism for recovering costs associated with the cleanup of MGP sites, three (3) of which are in Florida. After holding hearings the Commission adopted a settlement. Since 1992, the Commission has conducted quarterly audits of capital expenditures related to the cleanup of twelve (12) MGP sites where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and groundwater.

AGLC ratepayers pay a surcharge to assist with this cleanup. The Commission audits the expenditures for accuracy and financial prudence. The program fiscal year runs

from July 1 to June 30, and the Staff files an audit report for costs in each fiscal year. During the 2014 fiscal year, the Staff audited 100% of costs from Year 22, totaling \$3,202,326.00. Since the inception of the MGP program, the total amount allocated to the natural gas ratepayers has been \$ 260,101,862.28. To date, ratepayers have paid over \$247,936,861.50 recovery costs for the MGP cleanup.

Docket No. 8516 AGLC's Pipe Replacement Program (PRP)

Since 1998 AGLC has been implementing a Pipe Replacement Program (PRP) to recover, through a monthly rider, the cost of replacing corroded and leaking pipes. At that time 2,312 miles of bare steel and cast iron pipe had been identified for replacement during the 10-year period ending in 2008. This mileage was revised to 2,504 miles in 2003. As part of the AGLC rate case agreement in Docket No. 18638, the PRP was extended from a 10-year program to a 15-year program, ending in 2013. The PRP is still funded through a surcharge on customers' bills. The surcharge is fixed at \$1.95 for residential customers. G-11 tariff customers pay three times \$1.95, and G-12 tariff customers pay 25 times \$1.95. Since the approval of AGLC's STRIDE program in October 2009, an additional \$0.57 per customer has been assessed. The current amount charged to residential customers is \$2.52. The Commission continues its audits during the final year of the program, Cost Year-15 - July 1, 2013 to December 31, 2014. The duration of the final cost year was 18 months. The Commission conducted six quarterly audits.

During fiscal year 2014, AGLC found that one of its largest replacement projects, the Eastside Pipeline Project (EPP), had corrosion damage on its newly installed 24 inch steel main in certain locations. This prompted the Commission to initiate a Prudency Audit as provided in the STRIDE stipulation approved in Docket No. 29950. The Commission approved Accion as a consultant to investigate AGLC's oversight of the EPP while the Facilities Protection Unit engaged in its own safety investigation. The Staff's final audit report on the PRP will be delayed until the EPP investigation is completed. During the August 5, 2014 Administrative Session, the Commission approved a stipulation between the Commission Staff and AGLC that governs the Prudency Audit.

Docket No. 12509 Liberty Utilities Georgia Corporation's (Liberty) Cast Iron and Bare Steel Retirement Program

In April 2001 the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Liberty's (formerly Atmos) territory in Columbus over a 15-year period and 46 miles of bare steel pipe in Gainesville over a 20-year period. To date the Company has replaced a combined total of 230 miles of pipe and appurtenances in the Columbus and Gainesville areas.

After auditing this cast iron and bare steel retirement program for the year ending September 30, 2013, the Commission approved a monthly surcharge of \$9.73 for residential, \$29.19 for commercial and \$243.28 for industrial customers, effective October 1, 2014. Staff audited Company records pertaining to the program for the fiscal year ending September 30, 2013. During that timeframe Liberty spent \$7,123,003 to replace 3.05 miles of pipe in the Gainesville service area and 6.18 miles in the

Columbus area. Replacing the pipe also resulted in the company not spending \$32,746 in operations and maintenance expenses.

Docket No. 37370 and Docket No. 37371 AGLC's Integrated System Reinforcement Program 2.0 and Integrated Customer Growth Program 2.0 for 2013 to 2017

In 2014 the Commission issued Orders approving stipulated agreements continuing two of AGLC's distribution system improvement programs through 2017. The programs are the Integrated System Reinforcement Program (i-SRP 2.0) Plan in Docket No. 37370 for new pipeline infrastructure for system reliability and the Integrated Customer Growth Program (i-CGP 2.0) Plan in Docket No. 37371 for immediate and long term customer growth on AGLC's distribution system. These programs were initiated four (4) years ago in 2010 in Docket No. 29950. During the next three (3) years \$261 million will be invested to ensure the availability of adequate capacity, pressure, and resources for safe and reliable natural gas delivery.

The programs are part of the Georgia STRIDE (Strategic Infrastructure Development and Enhancement) Program and the agreements include the following terms:

- The Commission maintains final approval authority over all projects.
- The Company files quarterly, semi-annual and annual reports with the Commission on expenditures and progress of all projects.
- The 2013 to 2017 i-SRP 2.0 Plan addresses distribution system reliability issues in Coweta, Fayette, Gwinnett, Hall, Forsyth and Dawson Counties.
- The estimated cost of projects under the i-SRP 2.0 Plan is \$214.8 million.
- Cost recovery of \$1.16 per month will be phased in over three years beginning on the first marketer bills after January 1, 2015. All firm customers will pay an additional \$0.39 per month through December 2015, then pay another \$0.39 per month through December 2016 and then add an extra \$0.38 per month thereafter for a total of \$1.16 through October 2025 for the i-SRP program under Georgia STRIDE.
- The 2013 to 2017 i-CGP 2.0 Plan is comprised of the strategic corridor investment program, and, the Liberty County project (pre-construction engineering and final construction package were completed in 2014)
- The estimated cost of this project under i-CGP 2.0 Plan is \$46 million.

Cost recovery of \$0.27 per month will be phased in over three years beginning on the first marketer bills after January 1, 2015. All firm customers will pay an additional \$0.09 per month through December 2015, another \$0.09 per month through December 2016 and an extra \$0.09 per month thereafter for a total of \$0.27 through October 2025 for the i-CGP program under Georgia STRIDE. The Commission Staff continues to conduct quarterly prudence audits for both programs.

Docket No. 2995: AGLC's Integrated Vintage Plastic Replacement Program

On November 13, 2014, AGLC filed a Second Amended Stipulation to the Integrated Vintage Plastic Replacement Program (i-VPR) under Georgia STRIDE. The Stipulation represented the culmination of a collaborative effort between AGLC and Commission Staff.

This Second Amended Stipulation fulfilled the requirement of the August 6, 2013 Commission approved Amended Stipulation, for the Commission Staff and AGLC to determine the manner in which incremental non-capital expenses should be recoverable under the i-VPR program. The Second Amended Stipulation addresses the following:

- The mechanism, process and timeframe for recovery of the Operations and Maintenance costs;
- The specific accounting codes that will be used to track the expenditures;
- The limits on the Operations and Maintenance costs recovered to only those Operations and Maintenance expenses charged to the specified accounts outlined in this Second Amended Stipulation, and associated with AGLC's 2013-2017 Integrated Vintage Plastic Replacement Program under Georgia STRIDE, approved by the Commission on August 6, 2013;
- The requirements for AGLC to annually review the accounting codes to determine if account changes are warranted, with approval needed by both Commission Staff and AGLC before any changes can be made, and
- The manner in which capital start-up costs will be addressed.

Georgia STRIDE now consists of four (4) facilities construction and installation programs: the current Pipeline Replacement Program (PRP), the Integrated System Reinforcement Program (i-SRP), the Integrated Customer Growth Program (i-CGP), and the Integrated Vintage Plastic Replacement program (i-VPR).

DOCKET No. 36582 AGLC's Petition for Approval of Proposal for Reconciliation of Physical/Logical Variances on the Company's Natural Gas System

The Commission issued its ruling on AGLC's Petition for Approval of Proposal for Reconciliation of Physical/ Logical Variances on the Company's Natural Gas System on December 16, 2014. The Commission voted to accept the proposed Stipulation that had been agreed to by the Parties in the Docket. The Order was signed on December 23, 2014. AGLC identified a growing variance between the inventory balances that resulted from the nominated gas flows through its system (i.e., logical flows), as reported in the Company's gas information system, compared to physical measures of gas in storage facilities or at AGLC's liquefied natural gas (LNG) plants (i.e., physical flows).

At the direction of the Commission to address the issue, AGLC filed its Petition to reconcile the physical/logical variance. Through a several month process of meetings, discussions and negotiations among the Commission Staff, AGLC, and the marketers, the parties drafted a stipulation to resolve the variance. Included in the terms of the stipulation are reporting requirements, recovery of the variance, and the specific balancing methodology to resolve any imbalances that may occur in the future.

The Commission held a hearing on this Docket on November 13, 2014 to present the stipulation and allow for public examination of the terms.

Docket No. 31647 Tariff Revisions to AGLC's Interruptible Service Rates

During January 2014, the Atlanta metropolitan area experienced a severe cold spell that resulted in AGLC requiring interruptible customers to curtail natural gas usage in

accordance with provisions in the Commission approved Tariff. The Commission requested that AGLC provide information pertaining to its system operation during this period, specifically the week of January 6, 2014. AGLC conducted a review of its system operation during that period, January 6-8, 2014, and provided an analysis. AGLC identified that some customers being served on the Interruptible Service Rates failed to comply with AGLC's curtailment order during January 6-8, 2014. AGLC subsequently filed proposed new Rate Schedules. The Commission authorized changes to AGLC's Tariff on an interim basis. As a means of resolution, the Commission recommended a Working Group be established to address the interim Tariff revisions and to develop permanent Tariff revisions. The Working Group was comprised of Commission Staff, AGLC, and representatives of marketers, manufacturing customers, industrial customers, Poolers, and end use customers. The Commission accepted the revisions to the Tariffs created by the Working Group. The revisions addressed AGLC's ability to assess penalties on interruptible customers that fail or refuse to comply with curtailment orders.

Telecommunications Unit

The telecommunications industry is indispensable to the economy of the state. Georgia's Telecommunications and Competition Development Act of 1995 and the Federal Telecommunications Act of 1996 have had a great impact on the Commission's role in this vital industry. The primary goal of these statutes was to replace traditional regulated monopoly service with a competitive market. For competitive segments of the industry, the Commission does not set rates, but facilitates market development, certifies providers, arbitrates interconnection agreements, and resolves complaints among competitors.

SIGNIFICANT DEVELOPMENTS IN THE TELECOMMUNICATIONS INDUSTRY IN 2014

In 2014 the Commission granted certificates of authority to 9 long-distance resellers, 15 competitive local exchange providers, four inter-exchange service providers and one payphone service providers. The total number of active certificates in 2014 was 912, distributed among industry segments, as follows: 249 resellers, 49 alternative operator service providers, 221 competitive local exchange providers, 85 inter-exchange service providers, 255 payphone service providers, 23 institutional telecommunication service providers and over 30 incumbent local exchange service providers. The Commission approved 48 interconnection agreements and designated eight companies as Competitive Eligible Telecommunications Carriers (ETC).

Eligible Telecommunications Carriers (ETC)

The Commission continues to monitor the activities of the competitive ETCs it has approved since 2008. In 2014, the Commission approved 4 new competitive ETCs, bringing the total number of competitive ETCs to 17. An ETC, upon designation by the Commission, is eligible to receive federal support for serving high-cost areas, providing Lifeline-discounted telephone service to qualifying low-income customers, or both. These ETCs will provide greater choice for low-income consumers and those living in rural areas. In 2013, the Commission promulgated rules intended to minimize waste, fraud, and abuse in the Lifeline program by requiring ETCs to charge a minimum of \$5.00 per month or provide a minimum of 500 minutes of use per month for each Lifeline account. However, in January 2014, the U.S. District Court in Atlanta enjoined the Commission and prevented the rule from taking effect.

Universal Access Fund (UAF)

On December 13, 2013, 19 Tier II Independent Local Exchange Carriers (ILEC) filed requests for an aggregate disbursement of \$21,627,470 for the 19th UAF year covering the period July 1, 2012, through June 30, 2013. All applicants were audited by Victor Hurlbert, CPA. Under a Commission-approved process, an ILEC applicant can choose to have its application considered on one of two "tracks." On Track 1, the applicant would voluntarily limit its request to no more than \$1,000,000 but have a streamlined process without a hearing. A Track 2 applicant could request more than \$1,000,000 but

would undergo a mandatory hearing during which any party could raise concerns regarding any aspect of the application.

In 2014 the Commission approved total disbursements for the 19th UAF year of \$14,985,126 with the aggregate annual cap amount remaining at \$1,000,000 each for Track 1 carriers. The approved disbursements are listed below.

Local Exchange Carriers for 19th UAF Year	Approved Disbursements
Blue Ridge Telephone Co.	\$1,000,000
Brantley Telephone Company	\$214,345
Bulloch Telephone Coop.	\$732,057
Camden Telephone Co.	\$1,000,000
Chickamauga Telephone Co.	\$669,319
ComSouth Telephone Co.	\$230,292
Darien Telephone Co.	\$586,688
Glenwood Telephone Co.	\$352,692
Hart Telephone Co.	\$354,010
Nelson Ball Ground Telephone Co.	\$1,000,000
Pembroke Telephone Co.	\$766,777
Pineland Telephone Coop., Inc.	\$980,411
Plant Telephone Co.	\$627,016
Planters Telephone Coop.	\$243,976
Progressive Rural Telephone	\$1,000,000
Public Service Telephone Co.	\$1,977,314
Ringgold Telephone Co.	\$2,046,913
Trenton Telephone Co.	\$1,000,000
Waverly Hall Telephone Co.	\$203,316
Total	\$14,985,126

House Bill 168, which took effect on June 4, 2010, phased out intrastate access charges and allowed the lost revenue to be offset by higher basic service rates. Pursuant to the statute, the Commission first determined a benchmark local service rate by calculating 110% of the July 1, 2009 residential statewide average rate for basic local exchange service. Next, the Commission set a schedule by which local rates would be increased to the benchmark rate. The approved schedule required basic local exchange service rates to increase by an amount not to exceed \$1.61 per month per year for a

period of nine years with a true-up in the tenth year. For 2015, the statewide benchmark was increased to \$19.82, after adjusting for inflation.

Telecommunications Relay Service (TRS)

Hamilton Telecommunications has been the Georgia TRS provider since April 2006. Headquartered in Nebraska, Hamilton currently provides relay service in 17 states. Hamilton, known here as Georgia Relay, operates a call center in Albany, Georgia, seven days a week, 18 hours a day, employing over 65 communications assistants. In 2014, the Relay Center in Albany processed an average of almost 61,000 relay calls per month. The total cost paid from the TRS fund was \$1.38 million for 2014. The TRS portion was \$418,000.

With Commission approval, Hamilton implemented Captioned Telephone Service (CapTel®) in Georgia in January 2008. An enhanced form of relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations. Over 1,300 subscribers now use the system, averaging approximately 20,000 calls a month. The cost of this service for 2014 was \$967,000.

Telecommunications Equipment Distribution Program (TEDP)

The Commission established the Georgia TEDP in March 2003 pursuant to the provisions of House Bill 1003. This program provides specialized telecommunications equipment to Georgians who, because of physical impairments (particularly hearing and speech), cannot otherwise communicate over the telephone. Receipt of free equipment under this program is subject to medical and financial eligibility requirements. To date, approximately 5,500 equipment items, which includes approximately 248 CapTel® phones, have been distributed to hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired (GACHI) to be the distribution agency for the Georgia TEDP. The cost of this service for 2014 was \$764,047.

Audible Universal Information Access Service (AUIAS)

In 2006 the Legislature created a statewide AUIAS to provide blind and print-disabled citizens of Georgia with telephonic access to print media publications. The law gave the Commission oversight of the service. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 2006, the AUIAS has provided continuous audible universal access to all Georgia telephone exchanges, 24 hours a day, seven days a week and 52 weeks a year. The system is accessible by dialing a toll-free or local number anywhere in the state and has the capacity to serve an unlimited number of subscribers. Currently, there are over 2,100 subscribers to this service. The total number of Georgia citizens that could potentially benefit from this service exceeds 25,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services. The cost of this service in 2014 was \$203,100.

Hearing Aid Distribution Program

In August 2007, the Commission approved the Hearing Aid Distribution Program according to the provisions of House Bill 655, which authorized use of TRS funds for the distribution of hearing aids. The Commission contracted with the Georgia Lions Lighthouse Foundation, a nonprofit organization that has provided hearing aids to low-income Georgians for over 30 years. Under the current contract the Foundation receives \$594,000 each year for this program. The Foundation partners with two hearing aid manufacturers and maintains a network of over 150 audiologists throughout the state. The program distributed 1,052 hearing aids to 581 applicants in 2014.

Consumer Affairs Unit

The Consumer Affairs Unit is the primary contact for consumers that want to make their concerns and issues known to the Commission. Consumers convey these concerns and issues in the form of complaints, inquiries, or opinions, collectively referred to as “contacts.” Consumers file contacts in person, via telephone, fax, regular mail, email and Internet. In 2014 the Consumer Affairs Unit experienced issues with our Automated Call Distributor (ACD) which resulted in a decrease in our normal call volume.

The Consumer Affairs Staff interacts with representatives from the utility industries to resolve consumer complaints, discuss complaint trends and possible courses of action to address problematic trends, and ensure mutual understanding of respective business processes and policies.

Consumer Affairs Staff has direct involvement with both the general public and industry representatives. This direct involvement gives the Consumer Affairs Unit a unique perspective that makes it a source of valuable information for other work groups within the Commission. In addition to complaint resolution, the Consumer Affairs Unit is responsible for consumer education and community outreach.

Inbound Contacts

The main method that consumers use to contact the Commission is by telephone. The Consumer Affairs Unit has two staff members that are dedicated to taking consumer calls. These staff members answer all calls coming through our ACD. Incoming Spanish calls are routed to two bilingual staff members for assistance.

The total number of calls reported by the Commission’s Automated Call Distributor (ACD) for 2014 was 14,776. There were 316 calls received on the Spanish line.

Telephone calls comprised the majority of all inbound contact methods in 2014. Internet/Email contacts continued to be the second preferred method of contacting the Commission in 2014 with 4,287 internet and e-mail complaints and contacts.

Regular mail and faxes were the next most popular methods consumers used for communicating with the Commission. The total paper correspondence in 2014 (letters and faxes) was 682. The increase can be attributed to Lifeline Assistance forms.

The Office of Consumer Affairs also takes complaints from consumers that visit the Georgia Public Service Commission in person. In 2014 the Office of Consumer Affairs met with approximately 21 consumers to discuss issues with their bills, deposits, and to share information on energy assistance and Lifeline. This contact method represented less than 1% percentage of all contacts. In all, Consumer Affairs representatives received 20,082 inquiries, complaints, and opinions from the general public in 2014.

Some of the contacts received from consumers will require referral or follow-up by a Consumer Affairs staff member. Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Referrals are the instances that our staff has to send a contact to a utility company for a response. Follow-ups include

making calls or sending e-mails to the representatives for the utility as well as contacts to and from consumers.

Electric Consumer Issues

Electric contacts increased in 2014 from 2197 in 2013 to 2,230. The top three concerns for electric customers were pay arrangements, disconnect/non pay disconnect and billing issues. The major electric issue for 2014 was pay arrangements.

Natural Gas Consumer Issues

Natural Gas contacts decreased in 2014 from 1336 in 2013 to 1,269. The top three concerns for Natural Gas customers were billing Issues/charges, pay arrangements and connection/reconnection issues. The major natural gas issues for 2014 were calls concerning charges and billing issues.

Telecommunications Consumer Issues

Telecommunications contacts decreased from 2927 in 2013 to 2,794 in 2014. The top three concerns for telecommunications customers were customer service, billing Issues and repairs. There were 294 wireless complaints in 2014. There were 3 contacts for Voice over Internet Protocol (VOIP) for 2014 and 277 DSL complaints. The major telecom issue for 2014 was calls concerning customer service. These were calls from consumers that were unable to contact a “live person” by telephone through the customer service telephone number. In 2014 Independent Local Exchange Carriers and Competitive Local Exchanges carrier contacts made up 79% of all telecommunications calls to the Consumer Affairs call center.

Consumer Affairs Community Outreach

The Consumer Affairs Unit continued its Outreach activities by giving presentations to community groups and organizations. In 2014 the Consumer Affairs Staff was also able to give presentations at the Service Providers Network Meeting sponsored by the Atlanta Housing Authority. Consumer Affairs Unit representatives attended the annual H.E.A.T (Heating Energy Assistance Team, Inc.) meeting and the Senior Wellness and Resource Fair.

The Consumer Affairs Unit provided informational materials to community action agencies and groups involved in utility related activities. The Commission continued its efforts to increase public awareness of the mission of the Georgia Public Service Commission and our commitment to assist the public with their utility related concerns and issues.

Internal Consultants Unit

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for the other units: Electric, Natural Gas, Telecommunications, Facilities Protection, and Consumer Affairs Units. As members of the Public Interest Advocacy Staff teams, the Internal Consultants Unit provided technical, financial and economic analyses, as well as expert testimony. As leaders of the Commissioner Advisory Staff teams in contested dockets, the Internal Consultants provided technical and policy advice and recommendations to the Commission. A major responsibility of this Unit is to monitor electric, natural gas and telecommunications issues at the federal level that affect Georgia utility companies and ratepayers.

Funding Nuclear Waste Disposal

A major federal issue in 2014 was the Yucca Mountain project, a proposed national nuclear waste repository for permanent disposal of high level nuclear waste. Georgia Power Company operates two nuclear plants, Plants Hatch and Vogtle. Under the Nuclear Waste Policy Act of 1982, the federal government has committed to take the nuclear waste accumulated at these retail electric power plants for permanent disposal. To date, the Department of Energy (DOE) has yet to develop a permanent repository for the waste or remove waste from the plant sites where it is currently stored. Yet, Georgia Power Company's ratepayers have paid over \$846 million through December 2014 (excluding return on investment) into the Nuclear Waste Fund. Each utility is assessed a fee of one mill per kilowatt hour nuclear energy generated for disposal of the waste.

The Court ordered the Secretary to submit to Congress a proposal to change the annual fee to zero until such time as either DOE resumes its work toward the Yucca Mountain project or until Congress modifies the statutory framework and provides for an alternative waste management plan. On January 3, 2014, the Department of Energy filed a recommendation to Congress to zero out the nuclear waste disposal fee. In accordance with its request, the Department of Energy (DOE) formally set the fee it collected under the federal Nuclear Waste Policy Act to zero effective May 16, 2014. The Commission on June 17, 2014 approved Georgia Power Company's Nuclear Waste Fund Rider effectively zeroing out the fee it collected.

Energy Efficiency and Renewable Energy (EERE) Group

The Commission formed the American Recovery and Reinvestment Act (ARRA) group within the Internal Consultants Unit in January 2010 and renamed it the Energy Efficiency and Renewable Energy (EERE) Group in 2013 when the ARRA grant ended. This group is responsible for working on electric issues relating to energy efficiency, renewable energy, smart grid, prepay, demand response, transmission and distribution planning, cyber security, and plug-in electric vehicles.

Demand-Side Management (DSM) Programs

In the 2010 Integrated Resource Plan (IRP), the Commission approved and certified seven DSM programs (five residential and two commercial) for a period of ten years, beginning January 1, 2011. During 2014, the Commission monitored these programs through quarterly status filings to ensure that Georgia Power Company meets its energy savings targets and stays within its approved budgets. In December 2012, the Company filed an Evaluation, Measurement, and Verification (EM&V) Report for the seven DSM programs that were certified in 2010. In the 2013 IRP, the Commission amended four DSM programs, decertified the Residential Water Heating Program, and certified a new Small Business Commercial Program. In 2014, Staff facilitated three DSM Working Group meetings in preparation for the 2016 IRP and provided input into Georgia Power Company's Evaluation Plan for its certified DSM programs and Low Income program. The EM&V Report will be filed in July 2015. Also in 2014, Staff worked with Georgia Power to create an Advanced Notification Process regarding modifications to the DSM programs so that the most up to date information can be utilized during program implementation. Staff and Georgia Power finalized a DSM True-Up Process that was used for the 2014 DSM tariffs.

Renewable Energy Initiatives for Solar, Biomass and Wind Power

The Commission continued to work on renewable issues including the monitoring of Georgia Power Company's voluntary Green Energy Program. The EERE Group served as the project leader for Georgia Power's 2014 Advanced Solar Initiative (ASI) and ASI Prime Request for Proposals (RFP) which set out to procure 495 MW of solar capacity to be online in 2015 or 2016. An Independent Evaluator was selected to assist the Commission with facilitating this RFP to ensure that the RFP process was open to all bidders and was fair and transparent. For the ASI Prime projects, developers did not have a size limit for their projects but for projects bid into the ASI RFP project size was limited to 20 MW. In December 2014, the Commission approved contracts between Georgia Power and the winning bidders totaling 515 MW. Through a lottery process, in May 2014, 57 MW of small to medium distributed generation projects also received 20 year contracts with Georgia Power.

During 2014, the Commission approved three 30 MW solar self-build projects on United States Army (Army) bases (Forts Gordon, Stewart, and Benning) and one 30 MW solar self-build project to be built on Kings Bay Naval Base. These projects set out to further the renewable energy, climate action and energy security goals of both the Army and Navy.

Also in 2014, the Commission approved multiple extensions that allowed additional time for renewable developers to post collateral for biomass projects that noticed in to Georgia Power's 2015 RFP to receive a Proxy-Price Contract. Through this process, over 250 MW of biomass contracts with Georgia Power were finalized. These projects are projected to come online in the 2015/2016 timeframe. The EERE Staff reviewed Georgia Power's cancellation request for its proposed conversion of Plant Mitchell from a coal plant into a biomass facility and the Commission approved the cancellation request in July of 2014.

The Commission approved Georgia Power's Application for Certification of two 20-year PPAs with EDP Renewables North America LLC, for 250 MW of wind resources that will come online in 2016. In addition to this approval, the Commission required Georgia Power to continue to evaluate whether to add additional wind resources to its portfolio. This report is due to the Commission by March 1, 2015.

Smart Meters, Access to Usage Data and Innovative Rate Design

In the 2013 Georgia Power rate case, the Commission approved Georgia Power's request to allow customers to opt-out of the installation of a smart meter by paying an opt-out fee. EERE Staff continues to work with the Company to identify other smart grid technologies and improvements to the grid that could provide cost saving and reliability benefits to customers. As part of an agreement approved during the 2010 IRP docket, staff and Georgia Power will meet at least quarterly to focus on the availability of online or other electronic methods for customers to access their usage data. As a result, the Company has an online customer usage portal called My Power Usage. This online portal provides customers daily usage information as well as current and projected charges for the monthly billing period. Based on a Staff recommendation, the Commission required Georgia Power to look into the viability of providing hourly usage data to its customers which was provided to Staff in June 2014. In July 2014, Georgia Power rolled out a prepay electric service program that will be made available statewide in 2015 and will provide customers additional options.

During 2014, the Commission continued to monitor customers' acceptance of the Time-of-Use (TOU) rates and the Electric Vehicle Time-of-Use (TOU-PEV1) rate. These Georgia Power rates allow customers to shift usage from peak to off-peak time periods. In October of 2014, Georgia Power filed notice of an Electric Transportation Initiative. The purpose of this initiative, which is still under Commission review, is to provide education and awareness of electric vehicles and offer incentives for residential, workplace, and community charging infrastructure.

FACILITIES PROTECTION UNIT

During 2014 the pipeline safety inspectors of the Facilities Protection Unit monitored and inspected over 1,200 miles of transmission lines, nearly 44,000 miles of distribution pipeline, and more than 2,000,000 service lines for transporting natural gas to Georgia customers in 147 counties. The pipeline safety inspectors evaluated operator compliance with state and federal pipeline safety regulations by conducting 294 inspections over 1,058.5 inspection days.

The Commission continued its damage prevention efforts in 2014 by giving 48 Georgia Utility Facilities Protection Act (GUFPA) presentations to over 1,151 attendees, and overseeing the administration of 265 Commission-approved dig law training presentations to 1,964 locators, excavators and facility owner/operators. The GUFPA investigators' participation in these meetings continued to strengthen the Commission's relationship with those groups across the state dedicated to damage prevention, such as, the Georgia Utility Contractor's Association, Plumbing Mechanical Association, the Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

The year 2014 was challenging for the Commission as it continued to enforce GUFPA and implement continuing regulations, while facing reduced state funding and loss of pipeline safety inspectors to the private sector.

The Facilities Protection Unit of the Georgia Public Service Commission is composed of two distinct areas: Pipeline Safety and GUFPA enforcement. The pipeline safety function is carried out under an agreement with the Pipeline and Hazards Materials Safety Administration (PHMSA) of the U.S. Department of Transportation (DOT). Pipeline safety inspectors are responsible for enforcing federal regulations for the safe installation and operation of natural gas pipelines. 2014 marked the 46th year of the Commission's relationship with PHMSA.

The Commission assumed responsibility for damage prevention efforts in 2000 following passage of the GUFPA, modified in 2014. The goals GUFPA are to prevent injury to Georgia citizens and damage to buried utilities by requiring those who want to perform mechanized excavation to call before digging, so facility owners can mark the location of buried utility facilities to avoid damage.

Pipeline Safety Inspections

During 2014 the Facilities Protection Unit's pipeline safety inspectors monitored and inspected over 1,200 miles of transmission lines, nearly 44,000 miles of distribution pipelines, and more than 2,000,000 service lines transporting natural gas to Georgia customers in 147 counties. The Facilities Protection Unit evaluated operator compliance with state and federal pipeline safety regulations by conducting 294 inspections, expending 1,058.5 inspection days, as follows in the table below:

Inspection Type	Number of Inspections	Inspection Days	Units Inspected
199	19	84	36
Atmospheric Corrosion	1	1	5
Cathodic Protection	1	6	4
Comprehensive	30	251	122
Comprehensive - Fieldwork	3	17	21
Construction	20	47	51
CWSP	4	4	3
DIMP	63	255	166
Emergency Procedures	1	1	1
Follow Up	43	96.5	73
Integrity Mgt. Inspection	9	26.5	20
Incident	2	10	8
Informal Conference	8	9	18
Leak Surveys	1	4	1
NOI	1	1	4
Operator Qualification	25	93.5	40
Public Awareness	4	8	5
Special Project	50	127	34
Training	9	17	11
TOTAL	294	1058.5	623

Georgia Utility Facility Protection Act (GUFPA) Enforcement

Efforts to prevent damage to buried utilities in Georgia stem from the requirements of the Georgia Utility Facility Protection Act (Act) of 2000, which assigns responsibility for enforcement to the Georgia Public Service Commission. Facilities Protection is one of the few areas where Commission jurisdiction extends beyond the electric, telephone and natural gas industries. The PSC is responsible for enforcing the call before you dig laws for all utility facilities. During 2014 system owners and operators reported 3,476 incidents where facilities were damaged. Over half of those incidents were damage to natural gas lines.

Reported Damages in 2014	
Natural Gas	2,039
Telephone	806
Electric	471
Cable TV	57
Water	91
Sewer	12
Total Non-Gas Incidents	1,437
Total Reported	3,340

Staff investigated 1,354 incidents where violations of the GUFPA law were alleged. The enforcement actions during the year included 406 hearings, 417 consent agreements and 58 final orders. Of the 1,207 cases closed, 626 related to damaged natural gas lines. These cases concluded with the Commission's levying \$5,980,250 in civil penalties, of which \$4 million was mitigated with training.

To prevent incidents due to excavators' failure to appreciate the severity of possible damage when safety regulations are ignored or failure to understand the legal requirements, the Commission gives violators the option of attending safety training in lieu of paying the full civil penalty assessed. Many take advantage of this offer with 1,964 locators, excavators, and facility owners and operators attending one of the 265 Commission-approved dig law training presentations in 2014.

The Commission continued its other damage prevention efforts by providing 48 presentations by GUFPA investigators to over 1151 attendees. The GUFPA staff's participation in these meetings strengthened the Commission's relationship with various groups across the states who are dedicated to damage prevention, such as: the Georgia Utility Contractor's Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

Additional Facility Protection Program Activities

Pipeline Safety staff continued enforcing the new federal public awareness regulations and began Drug and Alcohol, Operator Qualifications, and Comprehensive Inspections. Throughout 2014, the Staff traveled to various regions of the state to provide additional education for municipal gas operators on the 2014 Georgia dig law changes. These meetings were an effective way to communicate the Staff's interpretation on the law changes.

During 2014, the Commission worked closely with the Georgia Municipal Association ("GMA") Gas Section to further educate the municipal elected officials and city managers on the role of the PSC. The Commission, through its staff, traveled to different regions of the state to ensure all municipals had the opportunity to participate in these meetings. Staff will continue with these meetings during 2015.

A great deal of effort has been spent traveling throughout Georgia to provide all natural gas municipals the opportunity to meet with the Facilities Protection Staff, to discuss any issues or concerns, and to inquire about the Staff's expectations for inspections. The goal of traveling throughout the state is to ensure that the municipal operators located outside of Metro Atlanta have the same opportunities as the operators located in Metro Atlanta area.

ADMINISTRATION DIVISION

During 2014 the Commission continued to maintain the highest standards in performing those administrative functions that serve the public by making the most prudent use of its resources. The Commission worked within the constraints of its budget to promote efficiencies and make the maximum use of taxpayers' monies to fulfill its mission.

The Commission's Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resource Office, Public Information and Legislative Liaison Office and the Office of Operations Support. An overview of the responsibilities and accomplishments of each of these is set forth below.

Executive Secretary

The Executive Secretary's Office is responsible for receiving all public documents filed at the Commission. The Executive Secretary's responsibilities include scheduling Commission proceedings, assigning hearing officers, signing and certifying Official Orders, and preparing lists of interveners for docketed matters.

In 2014, this Office opened 1,171 new case dockets; processed 5,143 filed documents; and filed 1,403 orders prepared for the Chairman's and Executive Secretary's signature. The number of dockets has grown tremendously over the past two decades.

During 2014, the Commission held 94 public hearings constituting either a quorum of the Commission or a hearing officer assigned by the Commission. Matters docketed for public hearing are generally heard by the entire Commission in open session with a majority of the five-member Commission constituting a quorum.

Regular Commission Administrative Sessions are held on the first and third Tuesdays of each month. Committee meetings are held on the Thursdays prior to Administrative Sessions. The four standing Committees of the Commission are Energy, Facilities Protection, Telecommunications and Administrative Affairs.

Budget and Fiscal Office

The primary role of the Budget and Fiscal Office is to develop the agency's Annual Operating Budget and monitor expenditures to ensure the Commission's compliance with all of its fiscal responsibilities. This task is accomplished in conjunction with the Executive Director and the Commissioners through interactions with the Governor's Office of Planning and Budget (OPB) and the Legislative Budget Offices as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency's State and Federal funding, purchasing, asset management and accurate financial reporting of results to Federal, State and other agencies as required or requested. In 2014, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding \$9.8 million dollars.

The Office continued to support the State Leadership in meeting all directives to control and reduce the overall Commission budget. Enhanced analytical and modeling tools

were implemented to monitor, control and forecast all expenses. Each budget item was analyzed in great detail and revaluated in order to submit Budgets for Amended Fiscal Year 2015 and Fiscal Year 2016.

In order to achieve its mission, the Office used the OPB Financial Management System to prepare and submit the Commission budget, including all amendments and scheduled allotments of funds. The Commission's accounting functions (including Accounts Receivable, Accounts Payable, Payroll and General Ledger) are managed and performed using QuickBooks. The Commission's Payroll Processing and Purchase Orders are managed using the Georgia Technology Authority administered PeopleSoft System, as well as using PeopleSoft's Asset Management Module for items costing over \$1,000.

Human Resources Office

The Human Resources Office (HRO) strives to meet the personnel and payroll needs of the Commission. This office remains available to assist employees in many work-related and personal areas. Our office helped staff members navigate through the HMO component that was added to the new insurance plan during the first quarter of 2014.

There were also a few personnel changes. Sadly, one employee, Lisa Taylor, was involved in a car accident and passed away at the end of August. Three employees retired, and two left to go work for private industry. We also hired two new Commissioners' Assistants.

In 2014, HRO remained active in facilitating the self-sufficiency of Commission employees in several areas. Each year DOAS and SAO automate, upgrade or improve areas of self-service or provide information in policy changes. HRO continues to keep the Commission employees informed of these changes and provides them with details necessary to implement the changes. For example, SAO provided employees with a way to unlock their own self-service accounts rather than having to go through HRO to do so. Our office also reminded (and in some cases informed) staff about how sick leave and annual leave are accrued and forfeited so that they can make informed decisions about these benefits. This is especially important as it can affect an employee's service years towards retirement. Speaking of retirement, the State has implemented a new program, Retirewise, to help employees understand the pension and savings plans available to them. The program begins with basic financial planning and concepts. The goal of Retirewise is to assist employees to better plan for their future. We hope to provide employees with training for this new program in the upcoming year.

Office of Operations Support

Fiscal year 2014 brought continued efficiency improvements to the Office of Operations Support. The team continued to focus on improving productivity, efficiency, network data continuity and researching open source code for development projects. Operations Support did begin an application project to refresh the Telecommunications database for improved efficiency. Our unit continues to strive to improve efficiency,

productivity and to improve and monitor technology based operations and controls to provide security and data protection for the network.

During 2014 objectives of the Operations Support office were to improve network continuity, increase functionality of its web infrastructure, and utilize alternative technology such as open source code for development projects.

The Operations Support team continued to focus on improving PSC staff productivity. The Office strives to make network operations more robust and agency data and applications more secure by implementing technology-based solutions, controls and productivity tools. During 2013 the objectives of the Operations Support Office were to improve network continuity, increase functionality of the web infrastructure, and utilize cost-effective alternative technology, like open source code for development projects.

Public Information and Legislative Liaison Office

The Public Information Office (per O.C.G.A. §46-2-7) coordinates official Commission news releases and media relations and maintains the Commission's public information files. The Office also supervises the Commission's website content and manages the agency's internal communications.

Local, state and national news media continued extensive coverage of Commission activities and proceedings, such as, the proposed Environmental Protection Agency Clean Power Rules, the Plant Vogtle nuclear construction project hearings and the Alternative Fueled Vehicles Road show. In 2014, the Public Information Office: issued 25 news releases, 66 media advisories and one consumer advisory; responded to more than 100 local, state and national news media inquiries; conducted numerous interviews with local, state and national media; coordinated Commissioner interviews; and produced Commission publications for internal and external use.

The Office in conjunction with Consumer Affairs and NARUC coordinated the publicity campaign for Lifeline-Linkup Awareness week during September 8 through 14, 2014. The campaign included radio public service announcements and a statewide radio network interview. The Public Information Office continued to use social media by posting video news clips of Commission statements and news media coverage on its YouTube Channel and by using Twitter to release other information.

The PIO, as the Commission's Legislative Liaison and legislative agenda coordinator, responded to numerous legislator inquiries relating to constituent concerns, tracked numerous pieces of legislation that impact the agency and the utilities it regulates, provided daily legislative updates, and coordinated the Commission's analysis and response to legislative proposals.

Legislators introduced a number of bills relating to Commission operations. A list of bills monitored by the Commission, along with the bill sponsors and status is provided below:

House Bills Acted on in 2014

- House Bill 176** by Rep. Don Parsons. Streamlines the local government approval process for co-locating new facilities on existing cellular phone towers. **Passed and signed by Governor**
- House Bill 267** Rep. Jeff Chapman. Limits profit on financing costs on nuclear power plant construction. Withdrawn.
- House Bill 657** by Rep. Rusty Kidd. Allows solar energy to be sold directly to consumers, amends the Territorial Act. Withdrawn
- House Bill 874** by Rep. Mike Dudgeon. Allows property owners to have third-party financing of solar energy installations. Held in House Committee. Assigned to interim study committee.

Senate Bills Acted on in 2014

- Senate Bill 117** by Sen. Rick Jeffares. Changes definition of excavations. **Passed House, signed by Governor.**

Legislation Affecting Agency Operations and State Employees

- House Bill 743** by Rep. David Ralston and others. Amends the State's Fiscal Year 2014 spending plan. **Passed and signed by the Governor.**
- House Bill 744** by Rep. David Ralston and others. Sets the state budget for Fiscal Year 2015 beginning July 1, 2014. **Passed and signed by the Governor.**

HIGHLIGHT OF COMMISSION ACTIVITIES IN 2014

Commissioners Take Part in Plant Vogtle Loan Guarantee Signing February 21, 2014



Front row left to right: Southern Company President Thomas Fanning, U.S. Secretary of Energy Ernest Moniz, and Georgia Power President Paul Bowers
Back row left to right: Commissioner Doug Everett, U.S. Representative John Barrow, Commissioner Lauren “Bubba” McDonald

NARUC 2014 Winter Committee Meeting



November 18, 2014, Commissioner Stan Wise (center) participates in NARUC Panel

Dig Safely Month April 2014



Governor Nathan Deal presents Dig Safely Month Proclamation to Commissioners Lauren “Bubba” McDonald (front row, 2nd from left) and Doug Everett (front row, 3rd from left) and representatives of utilities, excavators and contractors on April 25, 2014

Commissioners Everett and McDonald Take Oath of Office for New Terms



Governor Nathan Deal administers the oath to Commissioner Lauren “Bubba” McDonald as his wife Shelley McDonald looks on



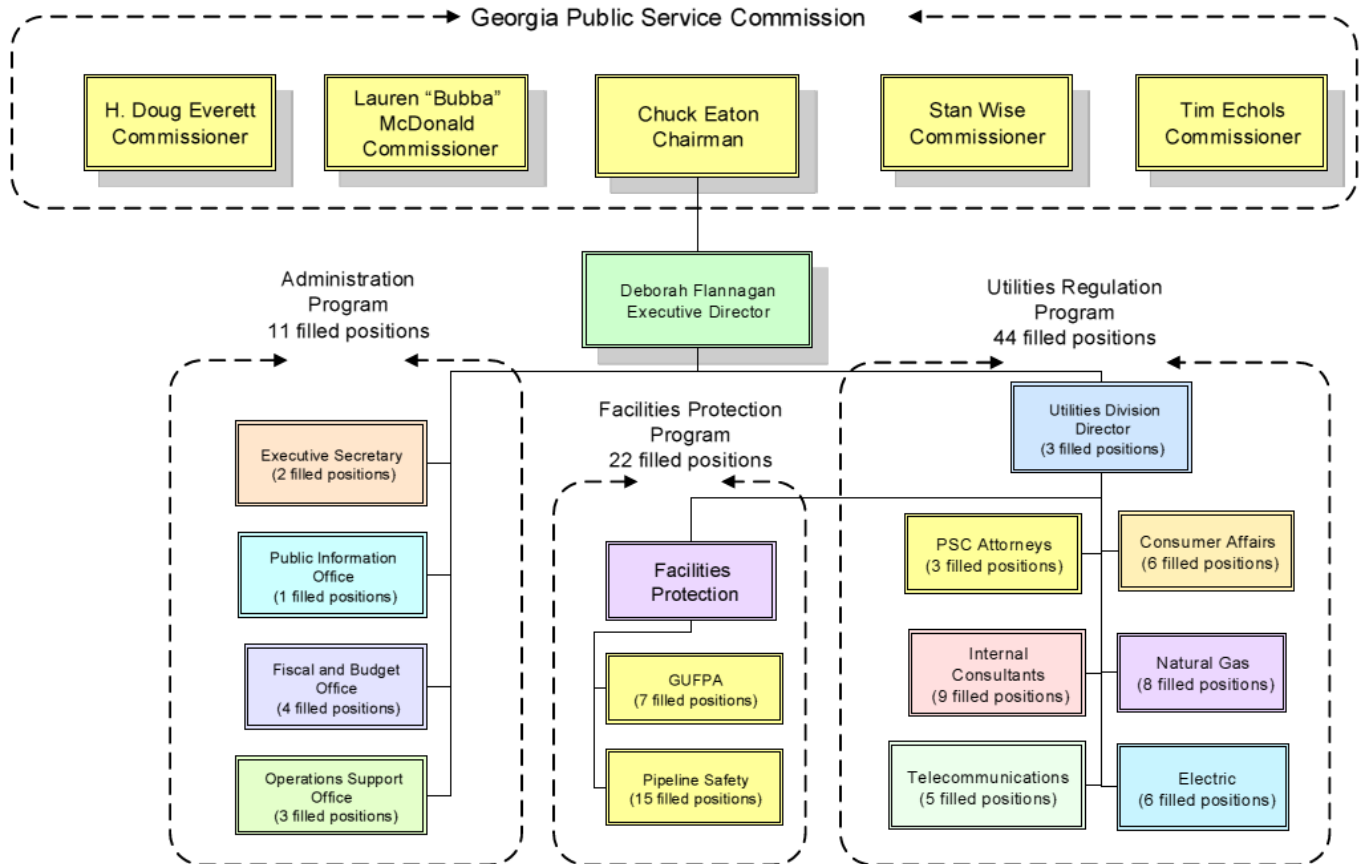
Governor Nathan Deal administers the oath to Commissioner Doug Everett as his wife Janice Everett looks on

AGENCY BUDGET

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015 [Governor's Recommendation]
<u>Budgeted Revenue:</u>			
General Assembly Appropriations	\$7,962,849	\$7,672,809	\$7,735,488
Federal and Other Funds	\$2,041,871	\$1,672,634	\$1,300,246
Total Funds Spent	\$10,004,720	\$9,345,443	\$9,035,734
<u>Budgeted Expenditures:</u>			
Personal Services	\$8,461,633	\$8,058,324	\$8,004,787
Regular Operating Expenses	\$423,335	\$366,293	\$367,193
Motor Vehicle Purchases	\$75,804	\$0	\$0
Equipment	\$56,697	\$11,532	\$10,633
Computer Charges	\$53,400	\$61,434	\$61,434
Real Estate Rental	\$659,791	\$669,849	\$351,389
Telecommunications	\$106,723	\$105,677	\$105,787
Contractual Services	\$167,337	\$72,334	\$134,511
Total Disbursements	\$10,004,720	\$9,345,443	\$9,035,734
<u>Associated Revenue:</u>			
Regulatory Assessment Fees Collected by Department of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Penalties and Fees Remitted to State Treasury	\$1,219,515	\$1,185,784	\$346,418
Total Submitted to Treasury	\$2,269,515	\$2,235,784	\$1,396,418

Notes: FY 2015 Penalties and Fees of \$346,418 are collections through December 31, 2014.

PSC ORGANIZATIONAL CHART



Revised February 2015

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